

# SUMMARY ANALYSIS OF AMENDED BILL

## Franchise Tax Board

Author: Strom-Martin Analyst: Kimberly Pantoja Bill Number: AB 1254

Related Bills: See Original Analysis Telephone: 845-4786 Amended Date: 08/23/99

Attorney: Patrick Kusiak Sponsor:

**SUBJECT:** Salmon & Steelhead Trout Habitat Restoration Credit/Increase Amount & Extend Repeal Date

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended \_\_\_\_\_.

X AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO \_\_\_\_\_.

X REMAINDER OF PREVIOUS ANALYSES OF BILL AS INTRODUCED February 26, 1999 AND AS AMENDED June 30, 1999, and August 16, 1999 STILL APPLIES.

OTHER - See comments below.

### SUMMARY OF BILL

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL), this bill would increase the salmon and steelhead trout habitat credit from 10% to 25% for taxpayers other than industrial timber operators. The annual amount of aggregate credit allocation would increase from \$500,000 to \$5 million, and the maximum credit that may be allocated to any one taxpayer would increase from \$50,000 to \$500,000. The sunset date would be extended four years to January 1, 2004.

### SUMMARY OF AMENDMENT

The August 23, 1999, amendment deleted the PITL provision of the bill, which would have disallowed the deduction of membership fees in excess of \$500 paid to any club organized for business, pleasure, recreation or other social purpose, thereby resolving the department's policy concern regarding inequitable treatment among taxpayers since a comparable B&CTL provision had been removed by the August 16 amendment. The August 23 amendment also deleted a B&CTL provision which would have conformed state law to federal law by disallowing the deduction of certain employee remuneration in excess of \$1 million.

The discussion of the salmon and steelhead trout credit in the department's analyses of the bill as introduced February 26, 1999, and as amended June 30, 1999, and August 16, 1999, still applies. A revised revenue estimate showing the revenue impact of only the credit is provided below.

### Tax Revenue Estimate

This bill would result in the following revenue losses.

### Board Position:

<u>      </u> S	<u>      </u> NA	<u>      </u> NP
<u>      </u> SA	<u>      </u> O	<u>      </u> NAR
<u>      </u> N	<u>      </u> OUA	<u>      </u> X PENDING

Legislative Director

Date

**Johnnie Lou Rosas**

**9/1/1999**

Estimated Revenue Impact of AB 1254 As Amended August 23, 1999			
Provision	1999-00	2000-01	2001-02
Trout Habitat Restoration Credit	negligible loss	minor loss	minor loss

This provision would allow up to an additional \$4.5 million in credits to be allocated each year. Negligible loss is less than \$250,000; minor loss is less than \$500,000.

Tax Revenue Discussion

The August 23, 1999, amendment eliminated estimated revenue gains from this bill by deleting the provisions that would have disallowed deductions of club membership dues in excess of \$500 and certain employee remuneration in excess of \$1 million.

BOARD POSITION

Pending.